

SAN JUAN COUNTY, WASHINGTON
January 1, 1994 Through December 31, 1994

Schedule Of Findings

1. The County Should Comply With Advance Travel Requirements

During our review of the county's Advance Travel Fund we noted the county had not required all employees to submit itemized travel expense vouchers and/or reimburse the fund within the 10-day period required by statute. Of the approximately 50 travel advances made between January 1, 1994, and December 31, 1994, we noted 13 instances where the fund had not been reimbursed within the 10-day period. During 1994, the county did not require the employees to pay interest on delinquent repayments or withhold payment of funds payable to those employees. In some instances, the employee did not reimburse the county for over six months.

RCW 42.24.150, Advancements for travel expenses - Travel expense voucher, states:

On or before the tenth day following the close of the authorized travel period for which expenses have been advanced to any officer or employee, he shall submit to the appropriate official a fully itemized travel expense voucher, for all reimbursable items legally expended, accompanied by the unexpended portion of such advance, if any.

Any advance made for this purpose, or any portion thereof, not repaid or accounted for in the time and manner specified herein, shall bear interest at the rate of ten percent per annum from the date of default until paid.

In addition RCW 42.24.140, Advancements for travel expenses - Provision to assure repayment, states in part:

To protect the municipal corporation . . . from any losses on account of advances made as provided in RCW 42.24.120 through 42.24.160, the municipal corporation or political subdivision shall have a prior lien against and a right to withhold any and all funds payable . . . to such officer or employee to whom such advance has been given , as provided in RCW 42.24.120 through 42.24.160, up to the amounts of such advance and interest at the rate of ten percent per annum, until such time as repayment or justification has been made. No advance of any kind may be made to any officer or employee under RCW 42.24.120 through 42.24.160, at any time when he is delinquent in accounting for or repaying a prior advance under RCW 42.24.120 through 42.24.160.

The county's not requiring the submission of travel expenditures and reimbursement of unexpended funds appears attributable to a lack of understanding of requirements on the part of county staff. This resulted in the county providing loans, free of interest, to the

affected employees.

We recommend the county require an itemized accounting of travel expenditures and/or reimbursement of advance travel funds within the ten-day period. We further recommend interest be charged and funds withheld from all employees who are delinquent in repayment of advance travel funds.

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Schedule Of Federal Findings

1. Payroll Charges To Federal Programs Should Comply With Federal Regulations

Our audit of the U.S. Department of Education Birth to Six and County Interagency Coordination Council Grants (CFDA No. 84.181) and U.S. Department of Health and Health Services Child With Special Needs, Maternal and Infant, Child and Adolescent, and Vaccine Furnished in Lieu of Cash Grants (CFDA No. 93.994) revealed the county had submitted expenditures based on a percentage of the grant awarded rather than the reimbursement basis, as required by the grant agreements. We noted several months where the county's requests for reimbursement exceeded the amount of actual expenditures. By year end, total actual expenditures supported the funds requested for 1994, yet the county signed each reimbursement request stating the requests were supported by actual expenditures.

The Federal "Common Rule" for *Uniform Administrative Requirements For Grants and Cooperative Agreements To State and Local Governments*, and the United States Office of Management and Budget's (OMB) Circular A-87, *Cost Principles for State and Local Governments*, establish standards for documentation and allowability of costs charged to federal grant programs. Those standards are:

- a. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities (Common Rule).
- b. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees (OMB Circular A-87).

The county health department had been informed of these requirements in the previous year's audit but did not implement sufficient controls to address the weaknesses identified.

The lack of sufficient controls resulted in the county receiving unauthorized advances from granting agencies. Furthermore, if this activity continues it could result in unsupported costs and the granting agencies requiring the county to repay these costs.

We recommend the county health department establish a payroll system, including written procedures and payroll records, sufficient to ensure adherence to standards set forth in the "Common Rule" and OMB Circular A-87.